

Message Text

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ACTION ARA-20

INFO OCT-01 EUR-25 ISO-00 EB-11 COME-00 TRSE-00 AGR-20

STR-08 OMB-01 TAR-02 FEA-02 FRB-02 FAA-00 DOTE-00

DRC-01 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00

NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20 USIA-15

SAM-01 /171 W

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P R 291950Z JAN 74

FM AMEMBASSY BRIDGETOWN

TO SECSTATE WASHDC PRIORITY 6647

INFO AMEMBASSY GEORGETOWN

AMEMBASSY KINGSTON

AMEMBASSY LONDON

AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE BRIDGETOWN 0172

E.O. 11652: N/A

TAGS: ECON, EGEN, ETRN, EAGR

SUBJ: CARICOM LEADERS DISCUSS SUGAR, REGIONAL COOPERATION

REF: BTN 160

1. CARICOM COMMUNIQUE ISSUED JAN 28 DISCLOSED THAT HIGH LEVEL CARICOM LEADERS MEETING HERE OVER WEEKEND AGREED THAT AREA SUGAR PRODUCERS REQUIRED MORE RENUMERATIVE SUGAR PRICES, AND DISCUSSED SERIES OF MEASURES TO COPE WITH ADVERSE FINANCIAL IMPACT OF ENERGY CRISIS AS WELL AS MEASURES DESIGNED TO PROMOTE REGIONAL INTEGRATION.

2. ACCORDING TO COMMUNIQUE, CARICOM LEADERS HERE (PM'S OF BARBADOS, JAMAICA AND GUYANA; TT'S FINANCE MINISTER, ASSOCIATED STATES' COUNCIL OF MINISTERS CHAIRMAN JAMES MITCHELL, ST VINCENT PREMIER), DESCRIBING 1971 COMMONWEALTH SUGAR

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AGREEMENT (CSA) PRICE OF 61 STERLING/TON AS NO LONGER

REASONABLE IN LIGHT OF HIGHER COSTS, AGREED THAT "THOSE CARIBBEAN COUNTRIES CAPABLE OF DOING SO SHOULD SELL SUGAR TO MORE LUCRATIVE MARKETS." CONFEREES ALSO AGREED TO "URGENTLY REQUEST AND PURSUE" HIGHER CSA PRICE "WITH VIEW TO MAINTAINING SUPPLIES UNDER CSA." COMMUNIQUE ALSO REPORTED DISCUSSION OF POSSIBLE TWO-TIER PRICE SYSTEM, ONE SUGAR PRICE FOR CARICOM AND ANOTHER FOR NON-REGIONAL BUYERS.

3. CONFEREES ALSO REPORTED TO HAVE AGREED TO SUMMON URGENT MEETING OF REGIONAL AGRICULTURE MINISTERS TO "FINALIZE DRAFT EMERGENCY AGRICULTURE PROGRAM" PREPARED BY CARICOM SECRETARIAT AND REGIONAL TECHNICIANS. COMMUNIQUE ALSO MENTIONED AGREEMENT ON IMPLEMENTATION OF COORDINATE REGIONAL AND NATIONAL PRODUCTION PROGRAMS IN AGRICULTURE AND INDUSTRY TO "RESTRUCTURE AND STRENGTHEN REGIONAL ECONOMIES." THOSE PRESENT ALSO PLEDGED "FULL FINANCIAL SUPPORT" TO REORGANIZED REGIONAL AGRICULTURE RESEARCH CENTER AT UWI CAMPUS IN TRINIDAD.

4. CARICOM LEADERS ALSO REPORTEDLY AGREED TO ESTABLISHMENT OF REGIONAL TRANSPORTATION COUNCIL OF MINISTERS TO REPLACE REGIONAL SHIPPING COUNCIL, WHICH WAS TO COORDINATE REGIONAL SEA AND AIR TRANSPORTATION OF BOTH PASSENGERS AND FREIGHT. COUNCIL ALSO TO COORDINATE PORT/AIRPORT DEVELOPMENT AND RATE NEGOTIATIONS PROPOSED BY EXTRA-REGIONAL CARRIERS. CONFEREES APPOINTED WORKING PARTY OF REGIONAL OFFICIALS TO SUBMIT PROPOSALS IN RATIONALIZATION OF AIR PASSENGER AND FREIGHT TRANSPORT FACILITIES, BOTH INTRA AND EXTRA-REGIONALLY.

5. PARTICIPANTS ALSO ARE REPORTED TO HAVE CLEARED LEGAL WAY FOR NON-INDEPENDENT CARIFTA GEORGETOWN ACCORD SIGNATORIES TO JOIN CARICOM IN MAY, 1974.

6. ADDITIONALLY, THOSE PRESENT DISCUSSED IN SOME DETAIL IMPACT OF ENERGY CRISIS ON REGIONAL BALANCE OF PAYMENTS AND POSSIBLE COUNTER MEASURES, INCLUDING COOPERATIVE EFFORTS BY REGIONAL CENTRAL BANKS.

7. CARICOM LEADERS ALSO PRAISED APPOINTMENT OF WILLIAM DEMAS AS CDB PRESIDENT AND AUTHORIZED DEMAS TO CONCLUDE COOPERATIVE AGREEMENT BETWEEN COMMUNITY AND MEXICO IN ECONOMIC, TECHNICAL LIMITED OFFICIAL USE

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AND CULTURAL FIELDS.

8. COMMENT: MEETING APPARENTLY DID NOT REACH FULL AGREEMENT ON SUGAR ISSUE. SOME GOVERNMENTS, NOTABLY GOTT, SEEM TO FEAR ADVERSE TRADE IMPACT IN ECONOMIES THAT MIGHT BE ENGENDERED BY BREAK WITH UK IN CSA (REFTEL). WISA OBSERVER (MCDONALD OF GUYANA) ACCOMPANIED BURNHAM TO MEETING, HOWEVER, BOTH WISA AND BARBADOS SUGAR PRODUCERS' ASSOCIATION DECLINED TO TAKE

A POSITION UNTIL THEY HAVE A CHANCE TO STUDY COMMUNIQUE.
WISA REP STATED "IT LOOKS AS IF ASSOCIATION MAY FIND NEW
POLICIES DECIDED FOR US."

9. BARBADOS IS NOW ONLY INDEPENDENT COUNTRY IN CARICOM THAT
HAS NOT YET PUBLICLY ANNOUNCED SPECIFIC COUNTER-MEASURES FOR
DEALING WITH FINANCIAL EMERGENCY BROUGHT ON BY FUEL CRISIS
AND INFLATION. GOB IS NOW STUDYING ECONOMIC IMPACT OF VARIOUS
MEASURES UNDER CONSIDERATION AND EXPECTS TO MAKE DECISION AND
POLICY ANNOUNCEMENT AFTER PM BARROW RETURNS FROM WASHINGTON
TALKS.

10. A MAJOR PURPOSE OF BRIDGETOWN MEETING SEEMS TO HAVE BEEN
TO INITIATE REGIONAL COORDINATION OF CRISIS COUNTERMEASURES
ANNOUNCED BY OTHER THREE MAJOR CARICOM MEMBERS. FOR INSTANCE,
TRAVEL AND EXCHANGE RESTRICTIONS ANNOUNCED BY GUYANA, JAMAICA
AND TRINIDAD WILL HAVE CLEARLY ADVERSE IMPACT ON BARBADOS'
ECONOMY. TECHNICAL COORDINATION AMONG CENTRAL BANKS WILL
BE NECESSARY BEFORE DELETERIOUS REGIONAL EFFECT OF SUCH
MEASURES CAN BE ALLEVIATED.

11. COPY OF FULL TEXT OF COMMUNIQUE WILL BE POUCHED SEPARATELY.

DECONTROL FOLLOWING JAN 29, 1975.
DONOVAN

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